FLIGHT SAFETY
D I G E S T

The Dollars and Sense of Risk Management And Airline Safety

ICARUS Committee Report

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Risk management programs are essential tools for airline management to achieve acceptable safety standards while pursuing production objectives, reports Flight Safety Foundation ICARUS Committee.

ICARUS Committee

Responsibility for aviation safety begins at the very top of an airline company. History has demonstrated repeatedly that without the complete commitment of the highest management levels within a company, operational safety margins are seriously eroded. This does not suggest that a company *will* have an accident, but it does suggest that the risk of having an accident is high — the laws of probability will prevail.

Management has great leverage in affecting operational safety within a company. Through its attitudes and actions, management influences the attitudes and actions of all others within a company: Management defines the safety culture of an organization. This safety culture extends all the way to the maintenance shop floor, to the ramp, to the cabin and to the cockpit. Furthermore, the public and government authorities are increasingly recognizing management's role in air safety by holding management accountable for a serious incident or accident; this accountability is magnified many-fold if a company suffers several such incidents or accidents during the course of a few years.

The following information is designed to provide insight into the costs, causes and prevention of aviation accidents — to be a practical guide for management, not a theoretical treatise.

Safety Fits into Production Objectives

Accidents and incidents are preventable through effective management; doing so is cost-effective. An airline is formed to achieve practical objectives. Although frequently so stated, safety is not, in fact, the primary objective. The airline's objectives are related to production: transporting passengers or transporting goods and producing profits. Safety fits into the objectives, but in a supporting role: to achieve the production objectives without harm to human life or damage to property.

Management must put safety into perspective, and must make rational decisions about where safety can help meet the objectives of the organization. From an organizational perspective, safety is a method of conserving all forms of resources, including controlling costs. Safety allows the organization to pursue its production objectives without harm to human life or damage to equipment. Safety helps management achieve objectives with the least risk.

Although risk in aviation cannot be eliminated, risk can be controlled successfully through programs to identify and correct safety deficiencies before an accident occurs. Such risk management programs are essential tools for management to achieve acceptable levels of safety while pursuing the production goals of the organization.

The airline has to allocate resources to two distinct but interrelated objectives: the company's primary production goals and safety. In the long term, these are clearly compatible objectives, but because resources are finite, there are on many occasions short-term conflicts of interest. Resources allocated to the pursuit of production objectives could diminish those available for safety and vice versa. When facing this dilemma, it may be tempting to give priority to production management over safety or risk management. Although a perfectly understandable reaction, it is ill-advised and it contributes to further safety deficiencies that, in turn, will have long-term adverse economic consequences.

1. Safety is of major concern to the aviation industry and to the public. When compared with other transportation industries — maritime, rail or road transportation — the aviation industry enjoys a superior safety record. Safety consciousness within the industry and the resources that aviation organizations devote to safety are among the reasons for this record.

Nevertheless, there are continuing concerns about maintaining, and improving, the favorable aviation safety record. The ever-increasing capacity of transport aircraft and the growth of global air traffic justify these concerns. For example, transport aircraft seating 300 to 500 passengers are now common, and plans for larger aircraft are under way; congestion in air traffic at complex hubs is also commonplace.

These are but two examples of what can become a statistician's — and an airline manager's — nightmare considering the potential for economic catastrophe to the industry. Newspaper headlines and extensive television coverage of aircraft accidents will become more sensational and more frequent even if safety levels remain the same. Simply put, as a consequence of growth, accident rates deemed acceptable in the past will be inappropriate in the future.

2. All those involved in aviation operations at every level have some responsibility for the safe outcome of such operations. There are, of course, different levels of human involvement and intervention. The physical proximity of a particular level to operational settings does not have a straight-line relationship with the potential for influencing risk in such operations.

Conventional wisdom allocates safety responsibilities almost exclusively to those at the operational end: flight crews, air traffic controllers, technicians and others.

Safety responsibilities often have been perceived to diminish as one moves away from the cockpit and toward the executive suite. Nevertheless, this notion does not hold true when viewed through the wider lens of systems safety.

From a top-down perspective, within any aviation organization there are at least four levels of human intervention that can greatly affect the level of risk:

- Senior management;

- Line management;

- Inspectors and quality control personnel; and,

- Operational personnel.

Within any civil aviation system, there are at least four major institutions to which these personnel might report:

- Civil aviation administration;

- Safety/accident investigation agency;

- Operators; and,

Simply put, as a consequence of growth, accident rates deemed acceptable in the past will be inappropriate in the future.

- Training, maintenance and other support organizations.

3. Each organizational and institutional level has unique opportunities to contribute to safety within the air transport industry, and overall system safety is determined by the interdependent actions of each. There are decisions that senior management — and only senior management — can take (or refrain from taking) that will directly affect safety. No other level can fully compensate for flaws in these decisions after they are implemented; they can only attempt to minimize the adverse consequences of flawed decisions.

By the same token, there are risky or unsafe decisions by operational personnel over which senior management has little or no direct control. And there are inherent limitations to the effectiveness of safety measures that operators can take when facing, for example, flawed regulations.

These flawed regulations may, in turn, result from the failure of an accident investigation agency to uncover fundamental safety deficiencies underlying accidents. Such deficiencies may be traced to deficient training of the investigators or may be fostered by flawed national legislation.

Actions and decisions within the exclusive domain of each organization can greatly affect the ability of the other organizations to discharge their safety responsibilities. Strong and sometimes complex interactions exist among the decisions and actions taken by various levels within and between air transportation organizations and institutions.

4. Historically, safety activities have focused on the organizational and institutional levels in closest temporal or physical proximity to an accident, i.e., operators and operational personnel. Improving the performance of operational personnel, primarily through high-quality training, has greatly enhanced aviation safety.

The industry, however, has reached a point of diminishing returns from this approach; it has reached the stage where a greater expenditure of resources at the operational end of the system will not result in proportionate safety benefits.

New methods of accident prevention emphasize looking at the total picture and taking into account accident prevention strategies in all industrial activities.

Another objective is to develop a perspective that views safety, or risk management, in the context of the primary production goals of civil aviation organizations. Because risk management activities, and the failure to manage risk, involve the expenditure of resources, it is critical that such a perspective be developed.

How Much Does It Cost To Have an Accident?

5. There are two basic categories of accident costs: (1) insured costs, generally including hull losses, property damage and personal liability; and (2) uninsured costs. Insured costs — those covered by paying premiums to insurance companies — can be recovered to a greater or lesser extent. Uninsured costs cannot be recovered, and they may double or triple the insured costs. Typical uninsured tangible and intangible costs of an accident include:

- Insurance deductibles;

- Increased operating costs on remaining equipment;

- Loss of spares or specialized equipment;

- Fines and citations;

- Legal fees resulting;

- Lost time and overtime;

- Increased insurance premiums;

- Cost of the investigation;

- Liability claims in excess of insurance;

- Morale;

- Corporate manslaughter/criminal liability;

- Cost of hiring and training replacements;

- Reaction by crews leading to disruption of schedules;

- Loss of business and damage to reputation;

- Loss of productivity of injured personnel;

- Cost of corrective action;

- Cost of restoration of order;

- Loss of use of equipment; and,

- Cost of rental or lease of replacement equipment.

6. The costs of accidents vary greatly from country to country, and although such costs may be quantified, the monetary value is not always the most critical factor. Some uninsured costs can acquire greater importance than the direct financial effect measured by accounting methods.

The economic and political context largely determines the relative importance of the monetary costs of an accident, as opposed to other factors. In industrialized nations, monetary costs of an accident may be the overriding consideration. In other countries, avoiding damage to the public's confidence in the nation's air transportation system may be a more important consideration. Where airlines are flag carriers, perceived damage to the national image among the international community may be the central consideration. In some situations, the loss of equipment in an accident might disrupt regular international services, a consideration that also might override the monetary costs. The fundamental message is twofold: first, there are economic consequences of aviation safety; second, the costs and benefits of safety cannot be measured only in economic terms.

7. "Unwanted outcomes" other than accidents also incur significant costs for an airline. Maintenance and ramp incidents, for example, present safety issues that can have significant costs, and must be considered as part of a global strategy for safety management. Ramp and ground-handling operations have the potential to cause a major accident, such as through unreported ground-handling damage to aircraft. Costs in maintenance and ramp operations should be a major concern, because aircraft and other equipment are easy to damage and expensive to repair. Indirect costs also include schedule disruption following damage of aircraft or equipment. The ramp and the hangar are also dangerous environments in which to work, given the risk of accidental death or disabling injury. As with flight accident prevention, responsibility for hangar and ramp safety resides at four levels within an organization:

- Senior management;

- Individual supervisors;

- Quality control personnel; and,

- Operational personnel.

Human Errors Occur at Management Level Too

8. Human error is the primary cause for hull losses, fatal accidents and incidents. To devise the appropriate countermeasures, human error must be put into context. Human error in aviation has been almost always associated with operational personnel (pilots, mechanics, controllers, dispatchers, etc.), and measures aimed at containing such error have usually been directed to them. Nevertheless, during the last decade or so, a significant shift toward a substantially different perspective on human error has developed. It has considerable implications in terms of prevention measures and strategies.

9. The aviation system includes numerous safety defenses. Accidents in such a system are usually the result of an unfortunate combination of several enabling factors, each one necessary, but in itself not sufficient, to breach the multiple

layers of system defenses. Because of constant technological progress, equipment failures rarely cause aviation accidents. Likewise, operational personnel errors — although usually the precipitating factors — are seldom root causes of accidents and incidents.

The analysis of recent major accidents both in aviation and in other high-technology industries suggests that it is necessary to look beyond operational personnel errors, into another level of human error: human decision-making failures that occur primarily in managerial sectors.

10. Depending on how immediate their consequences are, human failures can be viewed either as active failures — errors having an immediate adverse effect and generally associated with operational personnel (pilot, controller, technician, etc.) — or latent failures, which are decisions that may not generate visible consequences for a long time.

Latent failures become evident when combined with active failures, technical problems or other adverse conditions, resulting in a break-through of system defenses, thus producing accidents. Latent failures are present in the system well before an accident, and are originated most likely by decision makers and other personnel far removed in time and space from the event. Examples of latent failures include poor equipment design, improper allocation of resources to achieve the declared goals of the organization and defective communications between management and operational personnel. Through their actions or inaction, operational personnel unknowingly create the conditions under which these latent failures become apparent, often with tragic and costly consequences.

The implication for accident prevention strategies is clear. Safety management will be more successful and cost less if directed at discovering and correcting latent failures rather than at focusing only on the elimination of active failures. While it is vital to minimize them, active failures are only the proverbial tip of the iceberg.

11. Even in the best-run organizations, some important high-level decisions are less than optimum because they are made subject to normal human limitations. Typical latent failures in line management include inadequate operating procedures, poor scheduling and neglect of recognized hazards. Latent failures like these may lead to inadequate work-force skills, inappropriate rules or poor knowledge; or they may result in poor planning or workmanship.

12. Management's appropriate response to latent failures is vital. Response may consist of denial, by which operational personnel involved in accidents are dismissed or otherwise

Typical latent failures in line management include inadequate operating procedures, poor scheduling and neglect of recognized hazards.

punished and the existence of the underlying latent failures is denied; repair, by which operational personnel are disciplined and equipment modified to prevent recurrence of a specific observed active failure; or reform, by which the problem is acknowledged and global action taken, leading to an in-depth reappraisal and eventual reform of the system as a whole. Only the last response is fully appropriate.

To Err Is Normal

13. Error must be accepted as a normal component of human behavior. Humans, be they pilots, engineers or managers, will from time to time commit errors. Exhortations to "be professional" or to "be more careful" are generally ineffective, because most errors are committed inadvertently by people who are already trying to do their job professionally and carefully. They did not intend to commit the errors.

The solution is to devise procedures and equipment that resist human error. Because technology or training cannot prevent all errors, an equally vital step is to introduce error tolerance into equipment and procedures, so when an error does occur, it is detected and is corrected before there is a catastrophic outcome. Error resistance and error tolerance are important strategies in accident prevention. Of fundamental importance, however, is the recognition that human error must be treated as a symptom, rather than a cause, of accidents and incidents.

14. Psychological factors underlie human error. Often, personnel assigned to tasks do not possess the basic traits or fundamental skills needed to successfully perform them. While formal personnel selection techniques provide some degree of protection, it is impossible to guarantee that all candidates will be able to perform satisfactorily in line operations. The issue is further complicated because proper performance under unsupervised conditions — such as during line operations — rests essentially on proper motivation, and although most professional aviation personnel are highly motivated, other factors can adversely affect such motivation.

Even with these limitations, proper selection techniques constitute an important line of defense. If an organization uses inadequate personnel screening and selection techniques, a latent failure exists within that organization, and may only become manifest through a serious incident or accident.

15. Training deficiencies frequently underlie human error. Training aims at developing basic knowledge and skills required for on-the-job performance; deficient training will obviously foster deficient performance and pave the way for error. Other potential sources of human error include poor ergonomic design of equipment or deficient procedures for using such equipment. Training deficiencies and flawed operational procedures are

latent failures, and thus usually do not have immediate consequences. But, when combined with active failures in operational settings, these latent failures can lead to accidents.

16. Selection, training and equipment design focus on the performance of individuals in the system. Big dividends are obtained by addressing individual performance, but the biggest dividends require a larger frame of reference. Human performance does not take place in a social vacuum, but it is strongly influenced by the environmental, organizational and institutional context in which it occurs. The socioeconomic and legal environment, the way in which the organization is designed and the institutions to which personnel belong, all influence human performance. These are also the breeding grounds for latent failures. From a monetary viewpoint, it makes sense to address latent failures. Canceling one latent failure (for example, training deficiencies) will eliminate multiple active failures, and thereby have a major effect on risk. By focusing on identifying and correcting latent failures, management leverages its ability to control risk.

With the Proper Tools, Human Error Is Manageable

17. The primary message here is that human error is manageable. Error management requires understanding the individual as well as organizational and institutional factors. Human-error accidents, which most accidents are, can then be controlled cost-effectively.

18. Education is an essential prerequisite for effective management of human error. The concepts of accident causation, human error and error management discussed in this brief are the bedrock of such education. Implementing training systems that develop knowledge and skills among operational personnel consistent with organizational objectives, and operational procedures that are compatible with human capabilities and limitations, is fundamental. A quality control system that is oriented toward quality assurance rather than pointing fingers and allocating blame completes the necessary feedback loops to ensure effectiveness of training and procedure development programs.

19. An active management role in safety promotion involves:

Allocation of resources. Management's most obvious contribution to safety is allocating adequate resources to achieve the production objectives of the organization (transporting people, maintaining aircraft, etc.) at acceptable levels of risk.

Safety programs and safety feedback systems. Such programs should include not only flight safety, but also maintenance safety, ramp safety, etc.

Internal feedback and trend monitoring systems. If the only feedback comes from the company's accident statistics, the

information arrives too late to be useful for controlling risk, because the events that safety management seeks to eliminate have already occurred. Identification of latent failures provides a much greater opportunity for proactive enhancement of safety.

Incident reporting programs. It has been estimated that for each major accident (involving fatalities), there are as many as 360 incidents that, properly investigated, might have identified an underlying problem in time to prevent the accident. In the past two decades, there has been much favorable experience with nonpunitive incident and hazard reporting programs. Many countries have such systems, including the Aviation Safety Reporting System (ASRS) in the United States and the Confidential Human Factors Incident Reporting Program (CHIRP) in the United Kingdom. In addition to the early identification and correction of operational risks, such programs provide much valuable information for use in safety awareness and training programs.

Besides the national programs, many airlines have found it useful to add their own internal incident reporting systems. These systems can range in complexity and cost from simple and inexpensive telephone "hot lines" to more complex (and usually more cost-effective) systems involving computer data bases, trend identification and monitoring programs, and other sophisticated safety management tools. Some of these systems have been made available to the airline community at a modest cost by their developers.

One notable system is the British Airways Safety Information System (BASIS), which allows active tracking of many different kinds of safety-related information. A similar system, "Safety Manager's Tool Kit," is available from the International Air Transport Association (IATA). Systems like these have tended to show a positive short-term economic benefit in addition to improved operational safety.

Standardized operating procedures. Standardized operating procedures (SOPs) have been recognized as a major contribution to flight safety. Procedures are specifications for conducting actions; they specify a progression of steps to help operational personnel perform their tasks in a logical, efficient and, most important, error-resistant way. Procedures must be developed with consideration for the operational environment in which they will be used. Incompatibility of the procedures with the operational environment can lead to the informal adoption of unsafe operating practices by operational personnel. Feedback from operational situations, through observed practices or reports from operational personnel, is essential to guarantee that procedures and the operational environment remain compatible.

Risk management. The purpose of internal feedback and trend monitoring programs is to allow managers to assess the risks involved in the operations and to determine logical approaches to counteract them. There will always be risks in aviation operations. Some risks can be accepted; some — but not all — can be eliminated; and others can be reduced to the point where

they are acceptable. Decisions on risk are managerial; hence the term "risk management."

Risk management decisions follow a logical pattern. The first step is to accurately assess hazards. The second step is to assess the risk involved in such hazards and determine whether the organization is prepared to accept that risk. The crucial points are the will to use all available information and the accuracy of the information about the hazards, because no decision can be better than the information on which it is based. The third step is to find which hazards can be eliminated and proceed to eliminate them. If none of the identified hazards can be eliminated, then the fourth step is to look for the hazards that can be reduced. The objective is to reduce the probability that a particular hazard will occur, or reduce the severity of the effects if it does occur. In some cases, the risk can be reduced by developing means to cope safely with the hazard.

20. In large organizations, such as airlines, the costs associated with loss of human life and physical resources mean that risk management is essential. To produce recommendations that coincide with the objectives of the organization, a systems approach to risk management must be followed. Such an approach, in which all aspects of the organization's objectives and available resources are analyzed, offers the best option for ensuring that recommendations concerning risk management are realistic.

Resources Are Required

21. The safety monitoring and feedback programs should be administered by an independent company safety officer, reporting directly to the highest level of corporate management. The company safety officer and his or her staff must be quality control managers, looking for ways to correct corporate safety deficiencies, rather than pointing fingers at individuals who commit errors.

To discharge their responsibilities for the company and the industry, they need information that may originate through several sources: internal safety audits that identify potential safety hazards, internal incident reporting systems, internal investigations of critical incidents and performance monitoring programs. Armed with information, the safety officer can implement a program for dissemination of safety critical information to all personnel. The stage is then set for a safety-oriented organizational climate.

22. Management attitudes can be translated into concrete actions by the provision of well-equipped, well-maintained and standardized cockpits and other workstations; the careful development and implementation of, and rigid adherence to, SOPs; and a thorough training and checking program that ensures that operational personnel have the requisite skills to operate the aircraft safely. These actions build the foundation on which everything else rests.

Resources Are Available

23. Honest and forthright self-examination is one of the most powerful, and cost-effective, risk-management tools available, and should be performed regularly by all organizations. To help airline managers identify risks and hazards in their organizations, an "ICARUS Self-audit Checklist" is in final development and will be available from Flight Safety Foundation in mid-1995. Its questions are designed to identify specific areas of vulnerability and potential latent failures within a company so that appropriate corrective and preventive measures may be taken. Various sections should be completed by the appropriate organizational elements within a company.

24. Flight Safety Foundation is a valuable and affordable risk management resource. In addition to sponsoring a variety of safety workshops, seminars and other meetings, the Foundation also has a group of operations and safety experts available to conduct independent aviation safety audits. These audits are comprehensive and confidential, and are conducted by senior personnel who have direct experience in airline operations and management.

25. Aircraft and equipment manufacturers also can be a valuable resource for risk identification and management. Manufacturers can be particularly helpful in providing guidance for the development of operating procedures, operating manuals, maintenance and personnel training. Often, they can provide experienced operational and maintenance personnel to help carriers operate their equipment safely and efficiently.

26. Many valuable safety publications are available from government and research organizations to assist managers and decision makers in their safety objectives. Some of the most prominent of these sources of information are:

- Accident investigation reports from national authorities;

- Flight Safety Foundation reports and publications;

- International Civil Aviation Organization (ICAO);

- International Air Transport Association (IATA) ; and,

- U.S. National Aeronautics and Space Administration (NASA).

No matter what resources are available, they will be of the greatest value in a company that demonstrates that aviation safety begins at the very top of its management. ◆

[Editorial note: The preceding article was adapted from a briefing prepared by the ICARUS Committee and presented in a workshop in Geneva, Switzerland, in October 1994.]